



**LOUISIANA INSURANCE  
RATING COMMISSION**

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**Bulletin LIRC 95-03**

**DATE: June 21, 1995**

**TO: All Property and Casualty Insurance Companies and Rating Organizations  
Making Rate and Rule Filings in Louisiana**

**RE: Wrap-Up Insurance**

This bulletin clarifies issues surrounding wrap-up insurance and sets forth directives of the Louisiana Insurance Rating Commission (LIRC).

"Wrap-up insurance" is defined as a policy that covers exposures for a large group. Each member of the group is connected to other members by one or more common insuring characteristics. For example, wrap-up insurance can be written for all the various businesses working together on a special project. Wrap-up insurance as used in this Bulletin includes owner controlled insurance programs.

The LIRC requires that wrap-up insurance rates and rules be filed with and approved by the LIRC before they can be used in Louisiana. A wrap-up insurance filing must adhere to directives contained in all LIRC Bulletins and must conform to all Louisiana Statutes.

To avoid unnecessary delays in the approval process, a wrap-up insurance filing coming before the LIRC must consider the following:

- (1) Louisiana Revised Statute 23§1174.1 prohibits a wrap-up insurance program which discriminates "based upon the contractor's or subcontractor's securing the employer's workers compensation obligation by any method provided for in R.S. 23§1168 and/or R.S. 23§1191 through 23§1193."

- (2) A wrap up insurance program must neither take away nor reduce the right and ability for the individual contractor to choose the best method to insure the individual contractor's risk.
- (3) A wrap up insurance program must allow for coordination of coverages between the wrap-up policy and individual contractor policies without placing a burden upon the individual contractor or the contractor's chosen insurer. A burden exists when the wrap-up policy results in duplicate coverages or higher costs to the individual contractor.

In the past there has been confusion regarding the filing requirements for wrap-up programs. Under the authority pursuant to R.S. 22§1402, 22§1403, 22§1404.(3)(b) and 22§1407, the LIRC directs that insurers must file for approval of all rates and rules comprising wrap-up programs with the LIRC. Such programs must comply with LIRC and Louisiana statutes, regulations, rules, and directives.

Wrap-up programs currently in use and not previously filed with the LIRC must comply with the directives of this Bulletin and file with the LIRC no later than August 2, 1995 12:00 pm (The cutoff for the August 16, 1995 LIRC agenda).

If there are questions call LIRC staff at (504) 342-5202.



Chris Faser, III  
Deputy Commissioner/LIRC